

Introduced by Senator Ackerman

January 10, 2006

An act to add Chapter 9 (commencing with Section 16961) and Chapter 10 (commencing with Section 16977) to Part 3 of Division 4 of Title 2 of the Government Code, relating to state infrastructure facilities, by providing the funds necessary therefor through elections for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1163, as introduced, Ackerman. California Critical Infrastructure Facilities Bond Acts of 2006 and 2010.

Existing law establishes the California Infrastructure and Economic Development Bank to provide financial assistance for public and private development projects.

This bill would enact the California Critical Infrastructure Facilities Bond Act of 2006, which, if adopted, would authorize, for purposes of financing the acquisition, construction, or renovation of state trial court facilities, state park system capital assets, mental health hospitals, and certain other state facilities, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$1,227,000,000. The bill would provide for submission of the bond act to the voters at an unspecified election.

This bill would also enact the California Critical Infrastructure Facilities Bond Act of 2010, which, if adopted, would authorize, for purposes of financing capital outlay related to the acquisition, design, construction, or renovation of trial court facilities, the issuance, pursuant to the State General Obligation Bond Law, of bonds, in the

amount of \$1,000,000,000. The bill would provide for submission of the bond act to the voters at the November 7, 2010, general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares:

(a) The state's facilities have critical infrastructure deficiencies that have resulted from years of underfunding.

(b) These facilities now require replacement or significant renovation to provide safe, secure, and accessible facilities.

(c) These critical deficiencies affect the trial courts, state parks, mental health hospitals, and other state facilities.

SEC. 2. Chapter 9 (commencing with Section 16961) is added to Part 3 of Division 4 of Title 2 of the Government Code, to read:

CHAPTER 9. CALIFORNIA CRITICAL INFRASTRUCTURE
FACILITIES BOND ACT OF 2006

Article 1. General Provisions

16961. This chapter shall be known, and may be cited, as the California Critical Infrastructure Facilities Bond Act of 2006.

16962. As used in this chapter, the following terms have the following meanings:

(a) "Board" means the administering state agency, as designated in accordance with Section 16964.

(b) "Committee" means the California Critical Infrastructure Facilities Finance Committee, established pursuant to subdivision (b) of Section 16963.

(c) "Fund" means the 2006 California Critical Infrastructure Facilities Bond Act Fund, established pursuant to Section 16965.

(d) "State General Obligation Bond Law" means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720)).

1 16963. (a) Solely for the purpose of authorizing the issuance
2 and sale, pursuant to the State General Obligation Bond Law, of
3 the bonds authorized by this chapter, the committee is hereby
4 created. For purposes of this chapter, the California Critical
5 Infrastructure Facilities Finance Committee is the “committee” as
6 that term is used in the State General Obligation Bond Law.

7 (b) The committee consists of the Director of Finance, the
8 Treasurer, the Controller, the Director of General Services, the
9 Director of Parks and Recreation, the Director of Mental Health,
10 and the Administrative Director of the Courts. Notwithstanding
11 any other provision of law, any member may designate a deputy
12 or employee to act as that member in his or her place for all
13 purposes, as though the member were personally present.

14 (c) The Treasurer shall serve as chairperson of the committee.

15 (d) A majority of the members of the committee shall
16 constitute a quorum of the committee and may act for the
17 committee.

18 16964. For purposes of the State General Obligation Bond
19 Law, each state agency administering an appropriation of the
20 2006 California Critical Infrastructure Facilities Bond Act Fund
21 is designated as the “board” for projects funded pursuant to this
22 chapter.

23
24 Article 2. 2006 California Critical Infrastructure Facilities
25 Bond Act Program
26

27 16965. The proceeds of bonds issued and sold pursuant to this
28 chapter shall be deposited in the State Treasury in the 2006
29 California Critical Infrastructure Facilities Bond Act Fund, which
30 is hereby created.

31 16966. All moneys deposited in the fund are available for
32 appropriation by the Legislature and shall be available for the
33 following purposes:

34 (a) The sum of eight hundred million dollars (\$800,000,000)
35 for the acquisition, design, construction, or renovation of trial
36 court facilities.

37 (b) The sum of four hundred twenty-seven million dollars
38 (\$427,000,000) for the development, restoration, or improvement
39 of state park system capital assets; for seismic retrofitting of

1 high-risk state buildings; and for the renovation, improvement, or
2 construction of state mental health facilities.

3 (c) Paying administrative costs incurred by the board
4 administering the bond program, which payments shall be
5 derived from but shall not exceed 5 percent of the principal
6 amount of bonds issued under this chapter.

7
8 Article 3. Fiscal Provisions
9

10 16967. (a) Bonds in the total amount of one billion two
11 hundred twenty-seven million dollars (\$1,227,000,000), not
12 including the amount of any refunding bonds issued in
13 accordance with Section 64228, or so much thereof as is
14 necessary, may be issued and sold to provide a fund to be used
15 for carrying out the purposes expressed in this chapter and to
16 reimburse the General Obligation Bond Expense Revolving Fund
17 pursuant to Section 16724.5. The bonds, when sold, shall be and
18 constitute valid and binding obligations of the State of California,
19 and the full faith and credit of the State of California is hereby
20 pledged for the punctual payment of both principal of, and
21 interest on, the bonds as the principal and interest become due
22 and payable.

23 (b) The Treasurer shall sell the bonds authorized by the
24 committee pursuant to this section. The bonds shall be sold upon
25 the terms and conditions specified in a resolution to be adopted
26 by the committee pursuant to Section 16731.

27 16968. The bonds authorized by this chapter shall be
28 prepared, executed, issued, sold, paid, and redeemed as provided
29 in the State General Obligation Bond Law, and all of the
30 provisions of that law apply to the bonds and to this chapter and
31 are hereby incorporated in this chapter as though set forth in full
32 in this chapter.

33 16969. There shall be collected each year and in the same
34 manner and at the same time as other state revenue is collected,
35 in addition to the ordinary revenues of the state, a sum in an
36 amount required to pay the principal of, and interest on, the
37 bonds each year, and it is the duty of all officers charged by law
38 with any duty in regard to the collection of the revenue to do and
39 perform each and every act which is necessary to collect that
40 additional sum.

1 16970. Notwithstanding Section 13340, there is hereby
2 appropriated from the General Fund in the State Treasury, for the
3 purposes of this chapter, an amount that will equal the total of the
4 following:

5 (a) The sum annually necessary to pay the principal of, and
6 interest on, bonds issued and sold pursuant to this chapter, as the
7 principal and interest become due and payable.

8 (b) The sum that is necessary to carry out the provisions of
9 Section 16973, appropriated without regard to fiscal years.

10 16971. The board may request the Pooled Money Investment
11 Board to make a loan from the Pooled Money Investment
12 Account in accordance with Section 16312, for the purpose of
13 carrying out this chapter. The amount of the request shall not
14 exceed the amount of the unsold bonds that the committee has,
15 by resolution, authorized to be sold for the purpose of carrying
16 out this chapter. The board shall execute those documents
17 required by the Pooled Money Investment Board to obtain and
18 repay the loan. Any amounts loaned shall be deposited in the
19 fund to be allocated by the board in accordance with this chapter.

20 16972. Notwithstanding any other provision of this chapter,
21 or of the State General Obligation Bond Law, if the Treasurer
22 sells bonds that include a bond counsel opinion to the effect that
23 the interest on the bonds is excluded from gross income for
24 federal tax purposes under designated conditions, the Treasurer
25 may maintain separate accounts for the bond proceeds invested
26 and for the investment earnings on those proceeds, and may use
27 or direct the use of those proceeds or earnings to pay any rebate,
28 penalty, or other payment required under federal law or take any
29 other action with respect to the investment and use of those bond
30 proceeds, as may be required or desirable under federal law in
31 order to maintain the tax-exempt status of those bonds and to
32 obtain any other advantage under federal law on behalf of the
33 funds of this state.

34 16973. For the purposes of carrying out this chapter, the
35 Director of Finance may authorize the withdrawal from the
36 General Fund of an amount or amounts not to exceed the amount
37 of the unsold bonds that have been authorized by the committee
38 to be sold for the purpose of carrying out this chapter. Any
39 amounts withdrawn shall be deposited in the fund. Any money
40 made available under this section shall be returned to the General

1 Fund, with interest at the rate earned by the money in the Pooled
2 Money Investment Account, from proceeds received from the
3 sale of bonds for the purpose of carrying out this chapter.

4 16974. All money deposited in the fund that is derived from
5 premium and accrued interest on bonds sold pursuant to this
6 chapter shall be reserved in the fund and shall be available for
7 transfer to the General Fund as a credit to expenditures for bond
8 interest.

9 16975. The bonds issued and sold pursuant to this chapter
10 may be refunded in accordance with Article 6 (commencing with
11 Section 16780) of Chapter 4. Approval by the electors of the
12 state for the issuance of the bonds under this chapter shall include
13 approval of the issuance of any bonds issued to refund any bonds
14 originally issued under this chapter or any previously issued
15 refunding bonds.

16 16976. The Legislature hereby finds and declares that,
17 inasmuch as the proceeds from the sale of bonds authorized by
18 this chapter are not “proceeds of taxes” as that term is used in
19 Article XIII B of the California Constitution, the disbursement of
20 these proceeds is not subject to the limitations imposed by that
21 article.

22 SEC. 3. Chapter 10 (commencing with Section 16977) is
23 added to Part 3 of Division 4 of Title 2 of the Government Code,
24 to read:

25
26 CHAPTER 10. CALIFORNIA CRITICAL INFRASTRUCTURE
27 FACILITIES BOND ACT OF 2010
28

29 Article 1. General Provisions
30

31 16977. This chapter shall be known, and may be cited, as the
32 California Critical Infrastructure Facilities Bond Act of 2010.

33 16978. As used in this chapter, the following terms have the
34 following meanings:

35 (a) “Board” means the administering state agency, as
36 designated in accordance with Section 16980.

37 (b) “Committee” means the California Critical Infrastructure
38 Facilities Finance Committee of 2010, established pursuant to
39 subdivision (a) of Section 16979.

(c) “Fund” means the 2010 California Critical Infrastructure Facilities Bond Act Fund, established pursuant to Section 16981.

(d) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720)).

16979. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the committee is hereby created. For purposes of this chapter, the California Critical Infrastructure Facilities Finance Committee of 2010 is the “committee” as that term is used in the State General Obligation Bond Law.

(b) The committee consists of the Director of Finance, the Treasurer, the Controller, the Director of General Services, and the Administrative Director of the Courts. Notwithstanding any other provision of law, any member may designate a deputy or employee to act as that member in his or her place for all purposes, as though the member were personally present.

(c) The Treasurer shall serve as chairperson of the committee.

(d) A majority of the members of the committee shall constitute a quorum of the committee and may act for the committee.

16980. For purposes of the State General Obligation Bond Law, each state agency administering an appropriation of the 2010 California Critical Infrastructure Facilities Bond Act Fund is designated as the “board” for projects funded pursuant to this chapter.

Article 2. 2010 California Critical Infrastructure Facilities Bond Act Program

16981. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the State Treasury in the 2010 California Critical Infrastructure Facilities Bond Act Fund, which is hereby created.

16982. All moneys deposited in the fund are available for appropriation by the Legislature and shall be available for the purposes set forth in Section 16983.

16983. The sum of one billion dollars (\$1,000,000,000) shall be available for the following purposes:

1 (a) Capital outlay related to the acquisition, design,
2 construction, or renovation of trial courts facilities.

3 (b) Paying administrative costs incurred by the board
4 administering the bond program, which payments shall be
5 derived from but shall not exceed 5 percent of the principal
6 amount of bonds issued under this chapter.

7
8 Article 3. Fiscal Provisions
9

10 16984. (a) Bonds in the total amount of one billion dollars
11 (\$1,000,000,000), not including the amount of any refunding
12 bonds issued in accordance with Section 16992, or so much
13 thereof as is necessary, may be issued and sold to provide a fund
14 to be used for carrying out the purposes expressed in this chapter
15 and to reimburse the General Obligation Bond Expense
16 Revolving Fund pursuant to Section 16724.5. The bonds, when
17 sold, shall be and constitute valid and binding obligations of the
18 State of California, and the full faith and credit of the State of
19 California is hereby pledged for the punctual payment of both
20 principal of, and interest on, the bonds as the principal and
21 interest become due and payable.

22 (b) The Treasurer shall sell the bonds authorized by the
23 committee pursuant to this section. The bonds shall be sold upon
24 the terms and conditions specified in a resolution to be adopted
25 by the committee pursuant to Section 16731.

26 16985. The bonds authorized by this chapter shall be
27 prepared, executed, issued, sold, paid, and redeemed as provided
28 in the State General Obligation Bond Law, and all of the
29 provisions of that law apply to the bonds and to this chapter and
30 are hereby incorporated in this chapter as though set forth in full
31 in this chapter.

32 16986. There shall be collected each year and in the same
33 manner and at the same time as other state revenue is collected,
34 in addition to the ordinary revenues of the state, a sum in an
35 amount required to pay the principal of, and interest on, the
36 bonds each year, and it is the duty of all officers charged by law
37 with any duty in regard to the collection of the revenue to do and
38 perform each and every act which is necessary to collect that
39 additional sum.

1 16987. Notwithstanding Section 13340, there is hereby
2 appropriated from the General Fund in the State Treasury, for the
3 purposes of this chapter, an amount that will equal the total of the
4 following:

5 (a) The sum annually necessary to pay the principal of, and
6 interest on, bonds issued and sold pursuant to this chapter, as the
7 principal and interest become due and payable.

8 (b) The sum that is necessary to carry out the provisions of
9 Section 16990, appropriated without regard to fiscal years.

10 16988. The board may request the Pooled Money Investment
11 Board to make a loan from the Pooled Money Investment
12 Account in accordance with Section 16983, for the purpose of
13 carrying out this chapter. The amount of the request shall not
14 exceed the amount of the unsold bonds that the committee has,
15 by resolution, authorized to be sold for the purpose of carrying
16 out this chapter. The board shall execute those documents
17 required by the Pooled Money Investment Board to obtain and
18 repay the loan. Any amounts loaned shall be deposited in the
19 fund to be allocated by the board in accordance with this chapter.

20 16989. Notwithstanding any other provision of this chapter,
21 or of the State General Obligation Bond Law, if the Treasurer
22 sells bonds that include a bond counsel opinion to the effect that
23 the interest on the bonds is excluded from gross income for
24 federal tax purposes under designated conditions, the Treasurer
25 may maintain separate accounts for the bond proceeds invested
26 and for the investment earnings on those proceeds, and may use
27 or direct the use of those proceeds or earnings to pay any rebate,
28 penalty, or other payment required under federal law or take any
29 other action with respect to the investment and use of those bond
30 proceeds, as may be required or desirable under federal law in
31 order to maintain the tax-exempt status of those bonds and to
32 obtain any other advantage under federal law on behalf of the
33 funds of this state.

34 16990. For the purposes of carrying out this chapter, the
35 Director of Finance may authorize the withdrawal from the
36 General Fund of an amount or amounts not to exceed the amount
37 of the unsold bonds that have been authorized by the committee
38 to be sold for the purpose of carrying out this chapter. Any
39 amounts withdrawn shall be deposited in the fund. Any money
40 made available under this section shall be returned to the General

1 Fund, with interest at the rate earned by the money in the Pooled
2 Money Investment Account, from proceeds received from the
3 sale of bonds for the purpose of carrying out this chapter.

4 16991. All money deposited in the fund that is derived from
5 premium and accrued interest on bonds sold pursuant to this
6 chapter shall be reserved in the fund and shall be available for
7 transfer to the General Fund as a credit to expenditures for bond
8 interest.

9 16992. The bonds issued and sold pursuant to this chapter
10 may be refunded in accordance with Article 6 (commencing with
11 Section 16780) of Chapter 4. Approval by the electors of the
12 state for the issuance of the bonds under this chapter shall include
13 approval of the issuance of any bonds issued to refund any bonds
14 originally issued under this chapter or any previously issued
15 refunding bonds.

16 16993. The Legislature hereby finds and declares that,
17 inasmuch as the proceeds from the sale of bonds authorized by
18 this chapter are not “proceeds of taxes” as that term is used in
19 Article XIII B of the California Constitution, the disbursement of
20 these proceeds is not subject to the limitations imposed by that
21 article.

22 SEC. 4. (a) Section 2 of this act shall take effect upon the
23 adoption by the voters of the California Critical Infrastructure
24 Facilities Bond Act of 2006, as set forth in Section 2 of this act.

25 (b) Section 3 of this act shall take effect upon the adoption by
26 the voters of the California Critical Infrastructure Facilities Bond
27 Act of 2010, as set forth in Section 3 of this act.

28 SEC. 5. (a) The Secretary of State shall submit Section 2 of
29 this act to the voters at the ____ election, in accordance with the
30 provisions of the Elections Code and the Government Code that
31 govern the submission of statewide measures to the voters.

32 (b) The Secretary of State shall submit Section 3 of this act to
33 the voters at the November 7, 2010, general election, in
34 accordance with the provisions of the Elections Code and the
35 Government Code that govern the submission of statewide
36 measures to the voters.

37 SEC. 6. (a) Notwithstanding any other provision of law, all
38 ballots of the ____ election, shall have printed thereon and in a
39 square thereof, the words “California Critical Infrastructure

1 Facilities Bond Act of 2006,” and in the same square under those
2 words, the following in 8-point type:

3
4 This act provides for a bond issue of one billion two
5 hundred twenty-seven million dollars (\$1,227,000,000)
6 to provide funds for critical infrastructure projects.
7

8 Opposite the square, there shall be left spaces in which the
9 voters may place a cross in the manner required by law to
10 indicate whether they vote for or against the act.

11 (b) Where voting in the election is done by means of voting
12 machines used pursuant to law in a manner that carries out the
13 intent of this section, the use of the voting machines and the
14 expression of the voters’ choice by means thereof are in
15 compliance with this section.

16 (c) Notwithstanding any other provision of law, all ballots of
17 the November 7, 2010, general election shall have printed
18 thereon and in a square thereof, the words “California Critical
19 Infrastructure Facilities Bond Act of 2010,” and in the same
20 square under those words, the following in 8-point type:

21
22 This act provides for a bond issue of one billion dollars
23 (\$1,000,000,000) to provide funds for critical
24 infrastructure projects.
25

26 Opposite the square, there shall be left spaces in which the
27 voters may place a cross in the manner required by law to
28 indicate whether they vote for or against the act.

29 (d) Where voting in the election is done by means of voting
30 machines used pursuant to law in a manner that carries out the
31 intent of this section, the use of the voting machines and the
32 expression of the voters’ choice by means thereof are in
33 compliance with this section.

34 SEC. 7. This act is an urgency statute necessary for the
35 immediate preservation of the public peace, health, or safety
36 within the meaning of Article IV of the Constitution and shall go
37 into immediate effect. The facts constituting the necessity are:

38 Trial court facilities have critical security, accessibility, and
39 efficiency deficiencies that impair a safe and efficacious forum
40 for the resolution of disputes of the residents of California. In

1 addition, state facilities are in need of seismic retrofits and other
2 improvements to preserve the health and safety of citizens. In
3 order that the California Critical Infrastructure Facilities Bond
4 Act of 2006 may be submitted for voter approval, and that the
5 California Critical Infrastructure Facilities Bond Act of 2010
6 may be reviewed, at the earliest possible time, it is necessary for
7 this act to go into effect immediately.

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